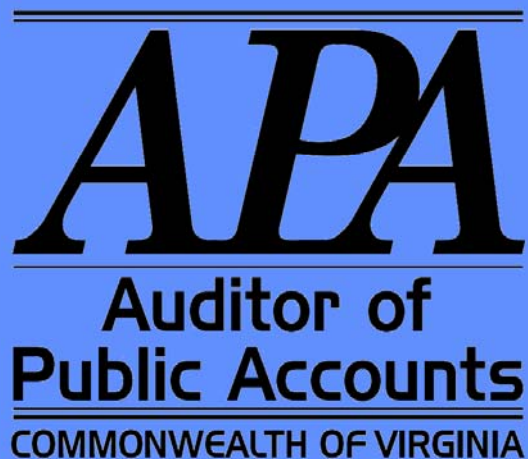


**SERVICE MANAGEMENT ORGANIZATION
OF THE
VIRGINIA INFORMATION TECHNOLOGIES AGENCY**

**INTERIM REVIEW OF THE
INFORMATION TECHNOLOGY PARTNERSHIP
FEBRUARY 2009**



AUDIT SUMMARY

In November 2005, the Commonwealth entered into a Public-Private Partnership (Partnership) with Northrop Grumman through signing a Comprehensive Agreement (Agreement). In doing so, effective July 2006 the Virginia Information Technologies Agency (VITA) turned over to Northrop Grumman the management of the IT infrastructure, including security operations, for nearly all Commonwealth agencies at an annual cost not to exceed \$236 million. Over the first three years of the Agreement, the Partnership is to Transform Commonwealth IT infrastructure management into a managed service environment. For more information on past Transformation progress, please reference our 2008 and 2007 Interim Review of Information Technology Partnership reports which are on our website (www.apa.virginia.gov).

Since our last review, the Partnership has passed the contracted date of June 30, 2008, to fully commence the Managed Services phase of transformation. The Partnership has not completed the necessary inventories to establish updated baselines nor the supporting milestones and deliverables to support managed services. Northrop Grumman is invoicing the Commonwealth as if the Partnership were operating in a managed service environment; however they are invoicing quantities using estimates in the original 2005 Agreement, not actual quantities. We conducted this review of the status of transformation of IT infrastructure to determine the following.

- Milestones are on schedule for completion by contractual deadlines.
- The Information Technology Infrastructure Library (ITIL) and complete Procedures Manual are delivered in accordance with the Partnership Agreement.
- The physical and non-physical inventories are completed prior to resetting the Agreement's resource unit baseline;
- Contractual service level agreement metrics are measurable, properly applied, and reviewed.
- Northrop Grumman and VITA have a reasonably defined "Request for Service" process and are consistently applying it.

Overall, we found that the Partnership is completing Milestones, including the Procedures Manual; inventories; and Service Level Agreements; but has not completed them on time. We found delays in the delivery and acceptance of most Milestones since our last audit with some Milestones remaining outstanding.

We also found progress toward the completion of a Procedures Manual, agreed-upon Service Level metrics, and physical and non-physical inventories, although all of these deliverables are behind schedule. We also found that the Partnership has revised its Request for Service Process and is consistently using this process for requests since our last review.

Much of the successful completion of Transformation hinges on the completion of physical and non-physical inventories by the Partnership. These inventories will form the new baseline for the Agreement in future years and will make the future measurement of resource units and their respective service levels easier. Completion of this inventory is the most critical deliverable in Transformation for the moment.

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STATUS OF TRANSFORMATION

The Partnership is approaching the contracted date of June 30, 2009 for a fully transformed IT environment. A fully transformed IT environment means that all infrastructure and related management will transfer to Northrop Grumman and the Service Management Organization (SMO) will shift from having oversight responsibility for milestone deliverables to responsibility for determining adequacy of continued service delivery. While Northrop Grumman assumed operational responsibility of the IT environment effective July 1, 2006, it must complete all transformation milestones by June, 2009. As the contract period approaches the end of transformation, the milestones remaining become increasingly important to ensure adequate service and provide sufficient accountability. If the Partnership has not completed the transformational milestones and established new baselines of resource units by June 30, 2009; they may need to modify portions of the Agreement to account for further delays in transformation.

Transformation includes the completion of specified milestones in the Agreement. These are targets for the successful completion of the transition from a Commonwealth-managed infrastructure to a Northrop Grumman-managed infrastructure.

Before commencing each milestone, VITA and Northrop Grumman develop and agree upon a set of acceptance criteria and testing plans that will constitute the acceptable measure of completion by both parties for each major milestone. Once VITA and Northrop Grumman establish and agree on the acceptance criteria and testing plans, Northrop Grumman will carry out the accepted criteria. Upon completion, review, and testing of each deliverable by the SMO, VITA makes payment as called for in the Agreement. The Agreement also provides a specific performance incentive structure for early or late acceptance of critical milestones. VITA has permitted partial delivery and payment where appropriate.

This report reviews the status of transformation with focus on those milestones delivered and accepted since our last review (January 31, 2008) and those future milestones subject to delivery and acceptance through the remaining transformation period.

AUDIT PERIOD

Our audit covers the period, January 31, 2008 to January 31, 2009. Should we have a finding of an unresolved issue as of January 31, 2009, which the Partnership resolved shortly after this date, we include in this report that they have resolved the issue. This Transformation is a continuing process, and we may not be able to acknowledge all changes that have occurred after the conclusion of our work.

DELAYED MILESTONE DELIVERY

The Partnership continues to experience delays in completing milestones. There is some indication that the risk of milestone delays are increasing during the final work on transformation. With the exception of Voice-Over-IP milestones, the contract calls for Northrop Grumman to deliver all milestones by June 1, 2009.

Our last review found eight milestones uncompleted by the contractual due date. Of these eight, the Partnership completed the five most critical, but as of January 31, 2009 the remaining three milestones, which relate to commissioning certificates and occupancy for the Commonwealth Enterprise Solutions Center and Southwest Enterprise Solutions Center, have not been accepted. Shortly after January 31, 2009, VITA did formally accept delivery of these items.

Since our last review through January 31, 2009, in addition to those milestones due during our last audit period, Northrop Grumman had to deliver 20 milestones, which the SMO must accept as complete. Following is a status of these milestones.

- Northrop Grumman delivered 14 milestones and the SMO has accepted them as complete. Seven of these milestones are critical.
- The 65 percent of the Server Consolidation Completion milestone is pending SMO acceptance.
- The ITIL Process Optimization, 52 percent Local Area Network Migration Completion and the Production Incident Management System milestones have established acceptance criteria and testing plans but are pending Northrop Grumman delivery.
- The milestones for the completion of 68 percent and 90 percent Local Area Network Migration, have no agreed-upon acceptance criteria or testing plans.

Information Technology Infrastructure Library

The Information Technology Infrastructure Library (ITIL) Process Optimization Milestone, contractually due by June 1, 2008, is still undelivered. Northrop Grumman has not completed the policies, procedures, templates, and organizational structures that will define, in detail, both the specific services Northrop Grumman is providing, as well as define the various physical IT solutions and approaches to troubleshooting various issues. Further information on the ITIL Milestone is in our report entitled *2008 Interim Review of the IT Partnership*.

Procedures Manual

One piece of the ITIL will be a Comprehensive Procedures Manual. The Partnership has not completed the manual that details the specific policies and procedures used to manage the Commonwealth's information technology infrastructure. Without this manual, it is difficult for the SMO to determine the appropriateness of specific decisions made by Northrop Grumman in conducting the business of the Partnership.

The SMO has approved a Table of Contents for the manual and has identified 12 of the 23 chapters as critically important to future operations. Northrop Grumman has indicated that it will complete these chapters by February 2009. These chapters consist of 267 documents that will comprise the most important part of the procedures manual. As of January 9, 2009:

- The SMO has approved 51 documents and placed them in operation;
- The SMO is currently reviewing 115 documents for acceptance; and
- Northrop Grumman has not yet completed 101 documents for the SMO to review.

Both the SMO and Northrop Grumman agreed to assign the remaining 11 chapters a lower priority, although they are still important to promoting consistency within the operations of the Partnership. These remaining chapters consist of 52 documents, and as of January 9, 2009:

- The SMO has approved and placed in operation 12 documents;
- The SMO is currently reviewing six documents for acceptance; and
- Northrop Grumman has not yet completed 34 documents for the SMO to review.

It appears that both Northrop Grumman and VITA are making progress toward completing the manual by applying additional resources to this task. As recently as November 2008, the SMO had only approved 38 of these critical documents, and the SMO had only 37 documents under review. Northrop Grumman had not submitted the remaining 121.

Recommendation: Continue to Apply Resources to Completing the Comprehensive Procedures Manual

We recommend that VITA continue to apply resources, as well as hold Northrop Grumman accountable to its contractual responsibility to develop the procedures manual. Inconsistency in the application of procedures, especially for an entity of this size and complexity, creates unnecessary risk to the Commonwealth's information system infrastructure and a completed procedures manual will help to mitigate that risk.

Production Incident Management System

The Production Incident Management System milestone requires Northrop Grumman to set-up the Southwest Enterprise Solutions Center help desk. The Center will provide the highest priority support assistance to all inquiries, act as the single point of contact, and manage all incidents and coordinate all necessary service delivery. During the evaluation of this milestone, the SMO did not accept completion due to Northrop Grumman's failure to migrate all agreed upon agencies to a central help-desk. Larger, more complex agencies were delayed because other tools associated with this service were implemented late. As a result, the migration of certain larger agencies' to the help desk was delayed until sufficient capability and capacity were established, tested and accepted. Northrop Grumman continues to work to meet all Commonwealth requirements and the related milestone remains incomplete.

Local Area Network Migration

There are several milestones for the migration of customers' networks to a single consolidated Wide-Area Network for the Commonwealth. There are milestones which set interim network migration goals of 30 percent, 45 percent, 52 percent, 68 percent, and 90 percent. Although late, Northrop Grumman has met all interim milestones through 52 percent migration with the SMO's acceptance. Again late, Northrop Grumman did complete the 68 percent milestone after our audit period. The 90 percent milestone, due January 1, 2009, remains outstanding.

Future Milestones

Northrop Grumman must complete three additional milestones by July 1, 2009. Northrop Grumman and the SMO have agreed to acceptance criteria and testing plans for only one of these upcoming milestones. In Appendix A we provide a schedule aging the acceptance and testing plan agreements as well as milestone delivery against contractual dates.

Recommendation: Enforce Timely Delivery of Milestones

We recommend that VITA continue to work with Northrop Grumman to complete these milestones at an acceptable level, and institute financial penalties when necessary until the milestones are completed.

OPERATING IN A MANAGED SERVICE ENVIRONMENT

The Partnership was supposed to move to a “Managed-Services” billing structure effective July 2008. Under this structure, Northrop Grumman charges a set price for actual resource units used by the Commonwealth. However, due to various issues with the measurement of resource units, as explained below, Northrop Grumman is submitting invoices for payment, for cash flow purposes, on an interim basis, not to exceed the Overall Fee Limitation. Northrop Grumman uses the estimated quantities of resource units defined in the November 2005 Comprehensive Agreement as the basis for billing, instead of actual resource units. Northrop Grumman has been issuing these interim bills every month since July 2008.

Resource Units

Northrop Grumman uses resource units within each service area to comprise billings to the Commonwealth. Each resource unit may be a fully managed, secure, physical asset, such as a desktop or server. Resource units may also be non-physical, such as units of storage capacity, telecommunication, or data transmission lines.

Northrop Grumman will measure, track and retain related data in a repository. Northrop Grumman will then validate and report the Commonwealth’s resource units, utilizing the processes and procedures in the approved Procedures Manual. The Agreement stipulates that Northrop Grumman will only use resource unit measurement processes and procedures that have received approval of the SMO.

Resource Unit Billing

Per the Agreement, Northrop Grumman must provide three months of mock invoices based on actual resource units before submitting real invoices for payment in July 2008. During this time, the Partnership can detect and resolve billing issues before there is a financial impact to the Commonwealth.

Having missed the initial billing structure transition date by one year, the Partnership aims for Post-Transition invoices for July 2009. To realize this goal, Northrop Grumman must begin providing mock invoices starting in April 2009. In order for billings to be accurate, the Partnership must agree to the tools, processes, and procedures for counting and reporting the 54 resource units currently defined by the Agreement, as well as validate the new contract baselines using these methodologies.

The physical and non-physical IT inventories and the agency validation of those inventories are contributing to the billing delays. Currently, Northrop Grumman does not plan to complete these inventories until April 2009. Accurate post-transition billing cannot take place before the accurate completion of these inventories.

Currently, the Partnership plans to split the implementation of resource units for billing into four waves, with the last wave ending on April 24. This will allow the Partnership to focus their efforts on specific resource units, and provide a schedule of completion. Presumably, each wave would provide final data control documents for each resource unit, which specifies how the Partnership will measure the resource unit, as well as have final counts for the validation of the new baselines. However, the Partnership has the physical inventories in the second wave, which has scheduled completion for March 20, 2009. Given that the physical IT inventories will not be complete until April 2009, the SMO may not have the ability to validate the new baseline for physical IT assets by the scheduled date.

Re-Base-lined Resource Unit Counts

Once the SMO does validate each of the 54 resource units, Northrop Grumman will adjust the initial estimated contract quantities to the validated physical and non-physical inventories. This adjustment to the contract quantities will require a contract modification, which will also include any changes to the type of resource units or cost of resource units that the SMO negotiates with Northrop Grumman. Northrop Grumman expects to have this contract modification ready by April 24, 2009. As Northrop Grumman is planning to deliver its first mock invoice for April during the first week of May; this does not leave enough time for the SMO to properly evaluate Northrop Grumman's proposed contract modification.

Recommendation: Develop Realistic Schedule to Re-base-line Resource Units

Given the current status of resource unit inventories and completed Data Control Documents (DCDs), we believe that the proposed schedule for using post-transition billing for July 2009 is aggressive, and will require significant resources by both Northrop Grumman and VITA. As such, we recommend that the Partnership develop a contingency plan in the likely event the planned deadlines are not met. We also encourage VITA not to let unrealistic time constraints hinder their ability to properly validate resource unit inventories and DCDs submitted by Northrop Grumman.

Additional Resource Charges and Reduced Resource Credits

In the event the Commonwealth requires additional resource units above this new baseline, Northrop Grumman may charge the Commonwealth for any additional resources added to the inventory baseline. Credits for reducing resources are also applicable whenever the Commonwealth removes resource units from the inventory. It is important to note that any additions or reductions to the IT infrastructure inventory after establishing the new baseline will change the total dollar value of the cap and individual resource unit fees under the Agreement.

Additional resource charges and reduced resource credits have other implications after establishing the new baseline. For most resource units, the Commonwealth will incur progressively less cost per unit as more units are added to the inventory. Conversely, the Commonwealth will recognize less cost reduction per unit removed from inventory for each additional unit removed.

Other Managed Service Fees

In addition to the fixed rate, volume-based fees described above, there are certain fixed recurring fees that VITA incurs in the managed service environment. There will be an annual service fee for account management and administration services. This fee is \$1.39 million each year through the tenth year of the agreement. Northrop Grumman will also receive an annual facility fee of \$6.76 million for the occupation and use of the Commonwealth and Southwest Enterprise Solutions Centers.

PERFORMANCE MEASUREMENT

Service Level Agreements - Status

The Partnership agreement provides for Service Level Agreements (SLA) that define the minimum levels of performance Northrop Grumman will provide the Commonwealth. The Agreement defines 196 different SLAs which Northrop Grumman will measure and report to the SMO by specified due dates. In order to collect and measure these SLAs, Northrop Grumman will create a Data Control Document (DCD), which the SMO will approve. These DCDs document SMO and Northrop Grumman agreement on how Northrop Grumman will measure each of the service levels and the Partnership will evaluate performance.

As of January 5, 2009, 21 of the 86 SLAs that Northrop Grumman must report to the SMO do not have a DCD. Northrop Grumman is regularly reporting the remaining 65 SLAs as required under the Agreement. The SMO is also performing regular data reviews on these reported SLAs to provide some assurance that the reported levels are accurate.

Further, the Partnership does not have DCDs for 95 of 110 SLAs required for reporting by July 2009. Without proper collection of service level data, the SMO cannot determine if Northrop Grumman is completely fulfilling its contractual obligation to the Commonwealth.

The Agreement requires the SMO to choose eight to 20 service level agreements each month that will be eligible for a credit if Northrop Grumman does not meet the required service level. If Northrop Grumman incurs the cost of a Commonwealth credit, they may earn it back by meeting the deficient service level agreement target for the three consecutive months following the deficiency. Although the Commonwealth may only earn credits on those metrics chosen for the month, the SMO will monitor all 196 metrics each month to determine the riskiest metrics to place financial considerations around in the following month. Essential to this control is the mutual understanding of what the service levels entail, and the measurement of those services.

Recommendation: Complete Data Control Documents for Service Level Agreements

With the transformation date passed, it is important for the SMO to have all of the Data Collection Documents in place in order to effectively measure Northrop Grumman's performance in a managed service environment. Delays had financial consequences for Northrop Grumman and make the SMO unable to measure all services for the Commonwealth. We recommend that VITA continues to work with Northrop Grumman to create Data Control Documents that meet the needs of the Partnership.

Service Level Agreements – Peregrine

In the managed service environment, Northrop Grumman supplies the SMO with the results of the service level agreement metrics, which the SMO validates. Northrop Grumman collects relevant system data through the automated help desk system known as Peregrine. Northrop Grumman also set up various information systems to feed into Peregrine to measure items such as server downtime. This makes the installation of tools that feed Peregrine on all Northrop Grumman owned managed machines imperative to the SMO's successful management and monitoring of Northrop Grumman's performance. Failure to properly install Peregrine monitoring tools on all Commonwealth IT hardware can result in future service delivery failures going undetected or improper asset inventories which could lead to improper billings to the Commonwealth, or worse, an inaccurate new baseline for the contract.

CUSTOMER MANAGEMENT

In managing the Agreement, the SMO also retains some responsibility for ensuring Northrop Grumman is meeting VITA customer needs. The service level agreements discussed above cover those services which are already within the scope of the Agreement and will satisfy measurement of Northrop Grumman's ability to meet existing customer needs. However, there are certain services which may arise that are in addition to the baseline services in the Agreement which create additional risk and potential cost to the Commonwealth. VITA identifies these additions or deletions of service through its Request for Service process.

Request for Service Process

The Request for Service process handles change order requests from customers. A request for service is more than merely adding or deleting resource units, but involves up-front analysis of business requirements and development and delivery of a solution that meets customer needs. A typical example is the addition of a web-based server, which involves both a non-recurring cost for the initial set-up, as well as the continuing cost of the resource units (the servers). Any accepted service requests add to the contract base-line, as there are additional costs incurred by the requesting customer. For more information on the Request for Service Process please refer to our report entitled *2008 Interim Review of the IT Partnership*.

Application of Request for Service Process

In our prior report we noted that the lead qualification process did not clearly define responsibility for the initiation of customer service requests. Customers were not always aware of the Request for Service process. Customers requesting services above the baseline of the Agreement did not always understand at what point they must involve VITA. In the past, customers could purchase IT hardware quickly without any regard to how it fit into the remaining Commonwealth Infrastructure. With the consolidation of IT services, however, VITA and Northrop Grumman must find a solution for each customer's request for additional service to ensure it not only meets the customer's needs but integrates with the existing infrastructure of the Commonwealth.

We found improvement in the Request for Service Process since our last review. The SMO has implemented the processes documented in our report entitled *2008 Interim Review of the IT Partnership*. This process allows for more involvement of the SMO on the front-end of customer requests.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

February 27, 2009

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have audited the Service Management Organization of the **Virginia Information Technologies Agency** (VITA) and are pleased to submit our report entitled "Interim Review of IT Partnership". We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Information Technology Partnership is a ten-year, \$2 billion agreement with Northrop Grumman to operate and manage the information system infrastructure for most executive branch agencies, excluding institutions of higher education and independent agencies. Our office monitors the status of major Commonwealth contractual commitments such as the Information Technology Partnership to help identify and prevent failures related to contract management in order to minimize loss to the Commonwealth.

Objectives

Our objectives for the review of the IT Partnership were to determine whether:

- Milestones are on schedule to be completed by contractual deadlines;
- the Information Technology Infrastructure Library (ITIL) and complete Procedures Manual are delivered timely in accordance with the Partnership Agreement;
- the physical and non-physical inventories are scheduled to be completed prior to resetting the Agreement's resource unit baseline;
- contractual service level agreement metrics are measurable, properly applied, and reviewed; and
- the "Request for Service" process is reasonably defined and consistently applied.

Scope and Methodology

Our review examined the Comprehensive Agreement between VITA and Northrop Grumman. Our review focused on the actual delivery of Milestones per the Agreement that are to be delivered between the period February 1, 2008 and January 31, 2009, and the expected delivery of Milestones between February 1, 2008 and June 30, 2009. We reviewed the progress of the Information Technology Infrastructure Library and Procedures Manual as well as the reasons for other delayed Milestones. We also reviewed the revised request for service process and how those requests are initiated and communicated to the SMO. We reviewed the methods of collecting and reporting performance metrics for Service Level Agreements and related Data Control Documents.

Our work consisted of management inquiries regarding the status of contractual milestones; examination of the Interim Comprehensive Agreement; review of existing and draft procedures, service level agreements, data control documents, and request for service documents; and attendance at Information Technology Investment Board committee meetings responsible for tracking the Information Technology Partnership.

Conclusion

Overall, we found that the Service Management Organization follows procedures for testing and acceptance of Milestones and Milestones are generally delivered within the contractual date; however, there are some Milestones that are delivered late and some that are at risk of being delivered late. We found that the SMO sufficiently monitors Northrop Grumman in developing a complete Information Technology Infrastructure Library and complete Procedures Manual; however, delivery will not be timely. We found that the physical and non-physical inventories are unlikely to be completed by the contractual deadline, but must be completed prior to resetting the Agreement's resource unit baseline. We found that a sound process is in place for the development of processes ensuring measurable and accurate data are collected to monitor service level agreements; however, these continue to be delayed beyond the contractual required date. We found that the Request for Service process is reasonably defined, and since our last review, consistently applied.

Additional information concerning the Partnership status and future managed service environment may be found in the body of this report. Information concerning the customer management and operating in a managed service environment may be found in our February 2008 report entitled *2008 Interim Review of the IT Partnership*. Information concerning the history of VITA and design of the Information Technology Partnership can be found in our January 2007 report entitled *2007 Interim Review of the IT Partnership*.

Exit Conference and Report Distribution

We discussed this report with the Service Management Organization on February 26, 2009. The Service Management Organization's response has been included at the end of this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

AWP/clj



COMMONWEALTH of VIRGINIA

Virginia Information Technologies Agency

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March 18, 2009

Mr. Walter J. Kucharski
Auditor of Public Accounts
Post Office Box 1295
Richmond, Virginia 23218

Dear Mr. Kucharski:

Thank you for the opportunity to respond to the Auditor of Public Accounts' audit of the Virginia Information Technologies Agency (VITA) Service Management Organization (SMO) and report, the Interim Review of the IT Partnership. We agree with the conclusions and concerns you highlight and are working closely with Northrop Grumman and VITA's customers to address. In particular, heightened action and participation regarding transformation, asset management and billing, as well as service level agreement reporting and management have already been taken.

We continue to appreciate the professionalism and engagement of your staff, particularly Andy Powell and Eric Tomson, in performing this audit and preparing this report. Thank you for working with us and seeking our input.

Sincerely,

A handwritten signature in black ink, appearing to read "Lemuel C. Stewart, Jr.", written in a cursive style.

Lemuel C. Stewart, Jr.

c: Information Technology Investment Board Members
The Honorable Aneesh P. Chopra, Secretary of Technology
Doug McVicar, Vice President and Program Manager, Northrop Grumman

VIRGINIA INFORMATION TECHNOLOGIES AGENCY

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APPENDIX A: AGING OF MILESTONES ACCEPTED AFTER FEBRUARY 1, 2008 OR STILL OUTSTANDING

Milestone Due	Milestone	Northrop Grumman Submits Criteria	Test Plan Agreed-Upon
7/1/2007	Commonwealth Enterprise Solutions Center (CESC) ready for Occupancy	6/28/2007	6/28/2007
7/1/2007	Commissioning Certificate for CESC	6/28/2007	6/28/2007
11/1/2007	Commissioning Certificate for SWESC	6/9/2008	6/9/2008
4/1/2008	Enterprise Network Operations Center (<i>Critical</i>) (Part B)	12/12/2007	3/11/2008
1/1/2008	30% LAN Migration	1/14/2008	1/14/2008
1/1/2008	Quarter 4 Refresh	1/18/2008	1/18/2008
1/1/2008	SWESC Staffed and Trained	10/3/2007	11/15/2007
2/1/2008	Move mainframe/server from Richmond Plaza Building to Enterprise Solutions Center	1/30/2008	1/30/2008
3/1/2008	Move infrastructure for disaster recovery to SWESC	4/11/2008	4/11/2008
3/1/2008	Tape Automation Complete	3/14/2008	3/14/2008
3/1/2008	Richmond Plaza Building Migration Complete (<i>Critical</i>)	1/22/2008	2/25/2008
3/1/2008	Transition Services to SWESC	3/13/2008	3/17/2008
3/1/2008	ESOC VAP Operational (<i>Critical</i>)	1/30/2008	1/30/2008
3/1/2008	CSIRC Complete (<i>Critical</i>)	2/6/2008	2/19/2008
4/1/2008	45% LAN Migration	5/20/2008	5/23/2008
4/1/2008	Quarter 5 Refresh	3/21/2008	5/8/2008
5/1/2008	Disaster Recovery Test at SWESC (<i>Critical</i>) (Part A)	4/25/2008	4/29/2008
6/1/2008	Disaster Recovery Test at SWESC (<i>Critical</i>) (Part B)	4/25/2008	4/29/2008
6/1/2008	ITIL Process Optimization	1/4/2007	N/A
6/1/2008	Mainframe Print Consolidation	6/23/2008	6/27/2008
6/1/2008	Quarter 6 Refresh (<i>Critical</i>)	4/29/2008	5/27/2008
6/1/2008	ESOC Complete (<i>Critical</i>)	5/12/2008	9/25/2008
7/1/2008	52% LAN Migration	8/18/2008	8/21/2008
7/1/2008	Production Incident Mgmt System/Help Desk (<i>Critical</i>)	7/10/2008	10/20/2008
8/1/2008	Server consolidation complete (65%)	8/6/2008	8/8/2008
10/1/2008	Quarter 7 Refresh	9/23/2008	11/6/2008
10/1/2008	68% LAN Migration	N/A	N/A
1/1/2009	Complete Agency LAN migration (90%) (<i>Critical</i>)	N/A	N/A
3/1/2009	Complete Desktop Refresh (90%)	N/A	N/A
6/1/2009	Server consolidation complete (90%) (<i>Critical</i>)	N/A	N/A
6/1/2009	Enterprise agency messagin system cutover complete	4/11/2007	7/12/2007

*Source: SMO Milestone Register

** Dates in red denote milestones accepted after the contractual due date.

SMO				
Accepts Criteria	Milestone Delivered	Milestone Accepted	Contract Price	Paid Amount
6/28/2007	7/1/2007	N/A	\$ -	\$ -
6/28/2007	7/1/2007	N/A	\$ -	\$ -
6/9/2008	11/1/2007	N/A	\$ -	\$ -
12/13/2007	3/18/2008	5/14/2008	\$ 2,442,513	\$ 2,442,513
1/14/2008	1/16/2008	3/4/2008	\$ 657,916	\$ 657,916
1/18/2008	1/18/2008	3/21/2008	\$ 4,077,267	\$ 4,077,267
10/3/2007	11/13/2007	3/7/2008	\$ 456,195	\$ 456,195
1/30/2008	6/18/2008	7/14/2008	\$ 1,097,632	\$ 927,621
4/11/2008	4/18/2008	5/27/2008	\$ 8,526,126	\$ 8,526,126
3/14/2008	3/21/2008	3/28/2008	\$ 4,683,785	\$ 4,683,785
1/30/2008	2/1/2008	2/25/2008	\$ 3,000,000	\$ 3,000,000
3/13/2008	3/17/2008	4/15/2008	\$ 456,195	\$ 456,195
1/30/2008	3/1/2008	3/31/2008	\$ 1,205,227	\$ 1,205,227
2/7/2008	2/20/2008	3/13/2008	\$ 1,205,227	\$ 1,205,227
5/23/2008	6/10/2008	8/7/2008	\$ 657,916	\$ 657,916
5/8/2008	4/1/2008	5/13/2008	\$ 2,130,066	\$ 2,130,066
4/25/2008	5/1/2008	5/22/2008	\$ 4,500,000	\$ 4,500,000
4/25/2008	5/29/2008	6/20/2008	\$ 4,500,000	\$ 3,445,186
1/9/2007	N/A	N/A	\$ -	\$ -
6/27/2008	7/16/2008	8/7/2008	\$ -	\$ -
4/30/2008	5/5/2008	5/28/2008	\$ 2,130,066	\$ 2,130,066
5/13/2008	5/2/2008	9/25/2008	\$ 1,205,227	\$ 1,205,227
8/21/2008	N/A	N/A	\$ 657,916	\$ -
7/10/2008	N/A	N/A	\$ 456,195	\$ -
8/8/2008	8/26/2008	N/A	\$ -	\$ -
10/1/2008	10/1/2008	11/6/2008	\$ -	\$ -
N/A	N/A	N/A	\$ -	\$ -
N/A	N/A	N/A	\$ -	\$ -
N/A	N/A	N/A	\$ -	\$ -
N/A	N/A	N/A	\$ -	\$ -
4/16/2007	N/A	N/A	\$ -	\$ -